

FISCAL NOTE

Bill #: HB0704

Title: Authorize establishment of charter schools & charter school districts

Primary Sponsor: Kasten, D

Status: As Introduced

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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Fiscal Summary

	FY 2004 <u>Difference</u>	FY 2005 <u>Difference</u>
Expenditures:		
General Fund	\$0	\$0
Net Impact on General Fund Balance:	\$0	\$0

- | | |
|--|---|
| <input checked="" type="checkbox"/> Significant Local Gov. Impact
<input type="checkbox"/> Included in the Executive Budget
<input type="checkbox"/> Dedicated Revenue Form Attached | <input checked="" type="checkbox"/> Technical Concerns
<input type="checkbox"/> Significant Long-Term Impacts
<input type="checkbox"/> Needs to be included in HB 2 |
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Fiscal Analysis

ASSUMPTIONS:

1. The Board of Public Education must develop rules during the six months following effective date of July 1, 2003. The soonest any charter school would be FY 2005.
2. A board of trustees is required for each charter school district. If the charter school is sponsored by a public school district, the board of trustees for the public school district and the charter school district may be one and the same. If the charter school is NOT sponsored by a public school district, the charter school board of trustees consists of five members elected as provided in the district's charter.
3. Charter schools must have "sponsors". Definitions says that Sponsor means:
 - a. A school within an elementary or high school district
 - b. An elementary or high school district
 - c. A unit of the university system
 - d. A community College district
 - e. The governing body of a local government
 - f. The term does not include the board of public education or the office of public education.

Duties of the sponsor include granting or denying the application within 90 days. The sponsor may approve the charter if the sponsor determines that the applicant is sufficiently qualified to operate a charter school district, but does not give criteria for these qualifications.
4. Charters may not charge tuition and approval of an attendance agreement that allows a child to enroll in and attend a charter school is mandatory.

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(continued)

5. Section 10 is amended to include new duties for the Board of Public Education to include development of rules to facilitate and not impair the establishment and operation of charter schools or charter school districts. Rules including—governing application procedures, securing equitable enforcement of charters; and applying for appeals from revocation of charters.
6. HB 704 has no impact on the basic and per-ANB entitlements and does not change the state's obligation for K-12 BASE aid.

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

Districts would be required to pay charter schools that enroll children residing in their district 95% of the pro rata share of the total per-ANB entitlement within the BASE and maximum budget. If a student changes to a charter school, districts may have to readjust their budgets after the school year has began.

TECHNICAL NOTES:

1. HB 704 amends tuition report and payment provisions (20-5-324, MCA) to include the provision that the section does not apply to “a charter school district...”. HB 704 refers to charter schools, not districts.
2. HB 704 defines “Charter school” as a public school established within a charter school district or within an existing school district. There is no geographic part of Montana that is NOT part of an existing school district. Section 6 states that the charter for a charter school district must contain (e) the geographic boundaries of the proposed charter school district, which may include all or any specified part of the state of Montana. There needs to be clarification about whether territory can be in both a public school district and a charter school district.
3. Section 6 states that the financial reporting requirements are established by the board of public education. This is currently a duty of OPI for public school districts.
4. The board of trustees for a charter school district is allocated to the board of public education for administrative purposes only as provided in 2-15-121. Therefore, the rules of the BPE regarding standards and assessments would not apply to the charter school and the charter school can determine its own standards and assessment systems. Since the NCLB requires one set of academic standards and a single assessment system, it would appear that neither the state nor the charter schools could receive NCLB funds.